

"THE VOICE OF AMERICA AND 'PEOPLE'S CAPITALISM' "

and

"OLD SONG TO A NEW TUNE"

- By Eugene Varga -

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Reproduced on succeeding pages are two articles, "The Voice of America and 'People's Capitalism'" and "Old Song to a New Tune". Both were written by Eugene Varga and both appeared in New Times, the former in Issue 26 dated June 21, 1956 and the latter in Issue 20, dated May 10, 1956.

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Eugene S. Varga, one of the most prominent economists of the U.S.S.R., was born in Hungary. He has been a member of the Bureau of the Department of Economics, Philosophy and Law of the USSR Academy of Sciences since 1953. A former Hungarian Social Democrat, he once held a cabinet post in the Bela Kun regime (1919). Varga took up residence in the Soviet Union in 1920 and rapidly rose to fame as an economist. At the end of the Second World War, he was sent as an economic adviser to the Communist regime in Hungary, where he helped to develop a planned "socialist" economy after the Soviet pattern. On his arrival in Budapest in June, 1946, he was hailed by the local press as "an intimate of Stalin."

Varga, now 76 years old, incurred the disfavor of the Soviet regime in 1947 for alleged errors in economic doctrine evident in his book, Changes in the Economy of Capitalism as a Result of the Second World War, published in 1946. He was taken to task specifically for stating that an "imperialist war" was improbable and for denying the likelihood of a grave economic crisis in the West before 1955 on the grounds that capitalist states were able to control monopolies and profits during a crisis. Varga stubbornly refused to admit his "errors" for two years and, as a result, was publicly chastised and removed as head of the Soviet Institute of World Economy and World Politics. The "Varga Affair" was concluded in 1949, however, when he finally and grudgingly recanted. He has since frequently predicted economic crisis in "capitalist" countries, and has returned to prominence, particularly within the last year or so.

## OLD SONG TO A NEW TUNE

Academician Eugene Varga

United States politicians and propagandists have for several years now been devoting a good deal of effort to the boosting of American capitalism. They have christened it "people's capitalism" to make it more attractive. This name has been given to an exhibit which is to make a tour of the world. Commenting on its official opening in America, the New York Times wrote:

"The exhibit's most striking feature is the name it has given to the system which has made these good things possible: 'People's capitalism.' Our lack of a name has been a handicap in the world battle for men's minds."

The new name has been officially approved by President Eisenhower. Speaking in reference to the "People's Capitalism" exhibit on April 3, he said that it was "the kind of message that America ought to be carrying abroad" to show "what the system of capitalism will do for the people."

Politicians, diplomats, economists are seeking to give the term "people's capitalism" the widest publicity. And amidst the spate of propaganda phrases it is difficult at first to make out exactly what it is intended to imply. Upon a little consideration, however, the main lines of the theory stand out fairly plainly.

When its propagandists say that American capitalism has become "people's capitalism," what they mean is that the distinction between the capitalist and the worker is being obliterated, wiped out. The capitalist is ceasing to be an exploiter; the source of his income is not surplus value derived from the exploitation of workers, but his managerial ability, which is a form of "highly skilled labour." Hence, the capitalist is being converted into a workingman. The worker, on the other hand, is becoming a capitalist, since he has a share in joint stock capital and receives income in the same way as the capitalist. There is thus in American society a "unity," a "harmony" of interests as between the capitalists and the working class.

In a word, the two concepts have become mingled; classes have disappeared. One of the exponents of "people's capitalism," the prominent American businessman Eric Johnston, says in his book "America Unlimited":

"... We tend to think of capitalism only in relation to financiers, bankers, owners of business.... But they are not the only capitalists. Everyone else who participates in the process [of production], actively or passively, is no less a capitalist. Farmers, foremen, ordinary workers ... are capitalists."

It is further maintained that this "unity" and "harmony" of interest which lends capitalism a "people's" character makes it superior to socialism, so that the latter may be considered a past stage, a system which may be better than the "old capitalism" but is worse than "people's capitalism."

The myth of people's capitalism is not original. More than a hundred years ago, when the class struggle of the workers against the capitalist system was only beginning to assume organized form, class harmony was preached by such apologists of capitalism as the French sociologist Say. Towards the close of the nineteenth century Bernstein and other revisionists proclaimed that capitalism would "peacefully grow into" socialism. On the eve of the 1929-33 crisis, the American press was likewise asserting that the borderline between worker and capitalist was being obliterated, that the worker was gradually becoming a capitalist. This idea was boosted, for one, by Professor T. N. Carver, author of "The Present Economic Revolution in the United States," published in Boston in 1925. The "permanent prosperity" of the American economy was a much-advertised thesis in those days.

But when the crisis broke, the talk about the prosperity of the American workers, about their blossoming forth into capitalists, ceased -- and for a long time, down to the end of World War II. In the period 1931-40, according to trade union data, there was in the United States an annual average of 10.7 million unemployed, in addition to several million part-time workers. Hundreds of thousands of Americans were homeless. Thousands of unemployed committed suicide; some killed their families before taking their own lives, in order to save them from the torments of starvation. The capitalists, however, continued to roll in luxury. In those days nobody would have ventured to trot out the fable about the equality of workers and capitalists, ~~but~~.

Now, after World War II, when the ideas of socialism are spreading throughout the world and attracting millions of new supporters, the American reader is again being assailed with a barrage of panegyrics to "people's capitalism." Among the books in which this theory is boosted, I would mention, besides Eric Johnston's, the book by Harold E. Stassen, "Where I Stand." New arguments are being trumped up to prove the "people's" character of capitalism in the United States.

Here is one of them, purporting to show that the American worker is becoming a capitalist. There are roughly 12 million savings bank depositors in the United States, with a total of 30,000 million dollars to their credit. It is claimed that these depositors are workers, and the conclusion is drawn that the working class is a co-owner of the huge wealth of the nation.

But the assertion will not bear examination. A man cannot be called a capitalist simply because he has a deposit in a savings bank. A capitalist is one who owns means of production, hires labour, exploits workers and appropriates a part (as a rule, the larger part) of the product of their labour. It is this that distinguishes the capitalist from the worker. Both capitalists and workers may have savings deposits. Owning such a deposit does not make a man a capitalist. It should be remembered, moreover, that there are savings banks in all the countries of the modern world -- capitalist and socialist alike. The Soviet worker, say, does not become a capitalist simply because he has savings, however considerable they may be.

But even if we assume that in the United States a man who owns a savings deposit automatically becomes a capitalist (which is, of course, fantastic), even so, the savings-bank argument speaks not in favour, but against the theory of "people's capitalism." Figures published by the Federal Reserve Board at the beginning of 1954 showed that at that time 14.3 million American families (26 per cent of the total) had no savings in any shape or form, while a considerable number of other families only had very modest savings. These are families of workers and working farmers -- and they too are supposed to be capitalists! The overwhelming proportion of the savings fall to the share of a very small number of families. Business Conditions, bulletin of the Federal Reserve Bank of Chicago, stated in its November 1955 issue that 92 per cent of the net savings of the American population in 1950 were accounted for by one fifth of the families, belonging to the higher-income categories. Another one fifth of the families, belonging to the lower-income categories, made no new savings in that year, and in fact spent part of such savings as they had. Hence, this argument of the theoreticians of "people's capitalism" is untenable in all respects.

Some bourgeois economists claim that the numerous insurance-policy holders in the United States are also capitalists. They have supposedly become the real owners of the insurance companies. These companies, as we know, are gigantic monopolies, with aggregate resources of nearly 90,000 million dollars. They control big corporations, and even whole branches of industry.

But it would be an obvious absurdity to consider every policy-holder a capitalist. The policy-holder, as such, receives no capitalist income, either in the shape of profits or in any other form. He may receive a premium only in the event of death or accident -- and that can hardly be called profit. He has no control over the activities of his insurance company, because the latter's owners are not the policy-holders, but those who possess the controlling packet of shares -- and they are big banks, industrial corporations and so on. To them, investment of resources in insurance securities is a very profitable operation. As to the contributions the insurance companies receive from the policy-holders, these are only one of the channels through which the big financial manipulators secure contrbl of the nation's ready money, including the puny savings of the working people, which the financiers use in this way for the making of profit.

Workers' participation in joint stock capital is another subject of clamorous propaganda. Some of the big corporations (among them, U.S. Steel, American Telephone and Telegraph, International Harvester and -- quite recently -- Ford) have distributed part of their shares among their workers. According to the theoreticians of "people's capitalism," workers also buy shares in the ordinary way -- on the stock exchange. Hence, they say, the worker is becoming a part owner of the big corporations, that is, a capitalist.

But this argument will not bear examination either. In the first place, share-holding is not widespread among the American workers -- as is evidenced by numerous statistical surveys, official and unofficial.

The American economist Howard R. Smith says in his "Economic History of the United States," published last year, that 92 per cent of the American families own no shares. Eighty per cent of the shares quoted on the stock exchanges are concentrated in the hands of 0.6 per cent of the families -- in the hands, that is, of a very small group of real, not imaginary, capitalists.

Data concerning the ownership of shares in the United States were also given in the May 1955 bulletin of the Federal Reserve Board. They show that only 3 per cent of the skilled and semi-skilled workers own any shares at all, and of these 1 per cent hold shares to a value of less than 500 dollars, and another 1 per cent to a value ranging between 500 and 1,000 dollars. The ownership is of course illusory; the workers have absolutely no influence on the operation of the corporation as a whole or of its individual plants, including those at which they themselves are employed. Whether Ford's has or has not sold part of its shares to its workers, the plants and the company as a whole are completely under the sway of the few individuals who now command the controlling packet of shares.

Very revealing, too, are the official data on the distribution of income earned on American corporation shares. The figures given by the American economist Victor Perlo in his "The Income 'Revolution'" (published in 1954) show that 65 per cent of all of the dividends flow into the pockets of 1 per cent of the population. These figures are a very graphic and convincing refutation of the assertion of the "people's capitalism" propagandists that the American workers have become shareholders of the industrial and financial corporations.

But even if a worker does own some shares, can he be considered a capitalist? Of course, not. Dividends are a negligible quantity in the budget of any worker, however highly paid. The fact that a worker receives some income from shares in no way alters his status as a toiler exploited by real capitalists, who continue to appropriate a substantial part of the product of his labour.

If some corporations do distribute shares among their workers, it is done in order to camouflage the exploitation of the workers, to bind them more firmly to the company, to induce them to sweat harder without demanding compensation for the additional effort. The illusion is created that the worker participates in the firm's profits; in reality, the shares are only one form of payment for his labour. Only the bosses benefit from the operation.

So much for the worker-capitalist fable.

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But perhaps American capitalism is called "people's capitalism" because the workers' incomes are rising and the capitalists' falling?

What do the official figures say?

An analysis of the budgets of 55 million American families made in 1953 revealed the following:

<u>Annual income</u>	<u>Number of families</u>
Less than \$1,000	5,500,000
\$1,000-\$2,000	7,150,000
\$2,000-\$3,000	7,700,000
\$3,000-\$4,000	8,800,000
Total	29,150,000

According to the Heller Budget, the minimum cost of living of a family in September 1954 worked out at 5,335 dollars per annum. Deducting from the above incomes taxation, rent (which is high), public utility charges, and fares to and from work, we find that more than half the American families scarcely earn enough to make ends meet.

Indebtedness of the population is steadily increasing and has reached enormous dimensions. At the close of 1955 the consumer debt totalled 36,200 million dollars, including instalment credit to an amount of 27,800 million dollars, while home mortgages totalled 89,000 million dollars.

In the United States, of course, there is an upper crust of well-paid workers. The weekly wage of an automobile worker in October 1955 was 98 dollars, which represents -- given full employment -- an annual income of about 4,500 dollars. The family of such a worker may have some small savings. But they are wiped out at the first bout of unemployment (there are some 3 million fully unemployed in the United States today, according to the official figures).

What are the incomes of the big American capitalists? Some idea may be obtained from the annual salaries paid to leading corporation executives in 1954 (the figures are taken from U.S. News and World Report of September 2, 1955, and the Financial Times of January 27, 1956):

	Dollars
C. Greenwalt (Du Pont)	569,000
Harlow H. Curtice (General Motors)	686,000
E. G. Grace (Bethlehem Steel)	591,000
Eugene Holman (Standard Oil of New Jersey)	213,000
E. R. Breech (Ford Motors)	457,000

Besides their official salaries, these men received bonuses, substantial travelling expenses, etc. Even part of their taxes is paid by their corporations. As a rule, these men have big shareholdings in their firms, which yield substantial dividends. Each of them has a steady income running into hundreds of thousands of dollars a year. Of course, the annual incomes of the monopoly owners -- members of the Ford, Rockefeller, Morgan families -- are much larger, although the exact figures are not divulged. No subterfuge can conceal the fact that, under American "people's capitalism," the income of the big capitalist is hundreds and thousands of times greater than that of the average and even the highly paid worker.

Johnston, in his book, tries to make out that these huge incomes are fair and just. He complains that no one calls a movie star or a famous surgeon an exploiter even if they make a million dollars a year; yet nothing like the same tolerance is shown to "a man whose exceptional abilities, frequently amounting to genius, are expressed in the field of manufacture, finance, distribution of goods, economic organization."

This is a smart argument only at a first glance. It does not stand up to the logic of facts. A movie star or a surgeon, if he is not at the same time a company owner, earns his living by his own work; he does not exploit labour, does not own means of production, nor does he appropriate surplus value. Management of capitalist companies -- the occupation of men like Greenwalt, Curtice, Holman, etc. -- is the art of pumping the maximum surplus value out of the workers.

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American "people's capitalism" is ordinary common or garden capitalism. It has no features that fundamentally distinguish it from capitalism everywhere. The conversion of a section of the American working class into a labour aristocracy is due, in the final analysis, to the same causes that led to the formation of the British labour aristocracy in the nineteenth century, and alters nothing in the lot of the vast bulk of the working people. American monopoly capital cannot wage an active struggle against the socialist countries, or against the liberation movement of the colonial and semi-colonial peoples, without having at least a part of the working class on its side. In this it is assisted by the American trade-union leaders, who themselves have annual incomes running into many thousands of dollars. That is why they join with Carver, Johnston and Stassen in boosting "people's capitalism."

But the worker, as a class, is no less exploited in the United States than in any other capitalist country. He is just as uncertain of the morrow as the worker in capitalist countries everywhere. "People's capitalism" is a false trump of American monopoly capitalism in its vain contest to win "the world battle for men's minds."

## THE VOICE OF AMERICA AND "PEOPLE'S CAPITALISM"

Academician Eugene Varga

There must be a lot of people in the United States, too, who are sceptical about the vaunted blessings of "people's capitalism". I judge this from the fact that the Voice of America thought it necessary to devote two broadcasts to refuting my article on the subject in New Times (No. 20).

I shall not examine the Voice of America's petty attacks on myself, nor analyze its remarks concerning the statistical data I cited.<sup>1/</sup> We know that the economic statistics of bourgeois countries, the United States included, are accurate only within certain limits, since the initial data are supplied by the capitalists. This especially applies to wage statistics, which are doctored to favour the "people's capitalism" propaganda. I shall only examine a few fundamental questions.

The Voice of America gave figures which purported to show that the wages of 17 million American industrial workers now average 70-80 dollars a week, which is equivalent to somewhat more than 4,000 dollars a year. From this it went on to make the fantastic assertion that, on the basis of current prices for food, clothing and footwear, the purchasing power of the dollar exceeds that of 20 rubles. Therefore, it alleges, the American industrial worker has an average annual income of 80,000 rubles!

1/ For example, the Voice of America commentator finds that if an automobile worker earns 98 dollars a week, his annual income, given full employment, is not "about 4,500 dollars," but 5,096 dollars. But he forgets that part of the automobile workers, even if fully employed, are assigned to the "reserve" every year when the factories are being adjusted to the production of new models. He forgets that workers are sometimes forced to strike, and that several weeks every year go in holidays (and not all workers by far receive pay for holiday time). He forgets that there is such a thing as sickness, or industrial accidents, or other reasons for the worker not being able to work. One might, of course, find workers who are occupied all the year round, who never fall sick and never down tools. But it would be unscientific to base statistical calculations on this assumption, for it is not true of the great majority of the workers. One therefore cannot arrive at the annual earnings of the average American worker by multiplying his weekly wage by the number of weeks in a year. About 4,500 dollars is the real annual wage. To assume continuous employment throughout the 52 weeks, which gives 5,096 dollars, is unreal: continuous all-the-year-round employment is the exceptional case.

I do not think the Voice of America believes this nonsense itself. I take it that it is a piece of deliberate demagogery.

It is absolutely unscientific to attempt to determine the purchasing power of a worker's annual income on the basis of the prices of individual goods. The formation of prices in a country like the United States, where monopoly capitalism prevails, and in a socialist country like the Soviet Union is governed by entirely different laws. By comparing the prices of individual goods, one may arrive at any desired exchange value of the dollar in terms of the ruble.

Let us take a concrete example -- the price of books.

My last book, of which the Voice of America spoke in condemnation, had 575 pages and sold, in bound form, at 10 rubles. In the U.S. United States a scientific work of the same size would cost at least 5 dollars. On the basis of these prices, the ratio of the dollar to the ruble is 1:2. On the other hand, a 200-page detective novel, packed with sordid incidents and low passions which poison the minds of the youth and incite them to crime, sells in the United States for 25 cents. Such corrupting literature is not published in our country at all. But if we compared the price of decent fiction in our country with that of crime novels in the United States, the exchange value of the dollar would be extremely high.

I shall now show how ridiculous is the Voice of America's assertion that the annual income of an American industrial worker has a purchasing power equivalent to that of 80,000 rubles.

For a scientific comparison of the purchasing power of the dollar and the ruble, the following facts must be taken into consideration.

(a) There is no unemployment in the Soviet Union. In the United States, on the other hand, even in the present favourable state of business, there are, according to the official figures nearly 3 million fully unemployed (exactly, 2,834,000 in March 1956, as given in Survey of Current Business, April 1956, p. 11).<sup>2/</sup> In addition, there

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<sup>2/</sup> This time I shall give precise sources, since the commentator doubted the accuracy of the figures I cited solely on the grounds that in some cases the source was not indicated, although they were taken either from official American publications or from books by American authors.

are several million part-time workers, many of whom are employed from 1 to 14 hours weekly, and these too should be classed as unemployed. This difference in the situations in the Soviet Union and the United States must be taken into account when comparing workers' incomes. The result of this fact is to reduce the annual earnings of the American working class by at least 5 per cent. It must also be borne in mind that the present rate of unemployment is comparatively low. In the decade 1931-40 the official average annual unemployment figure was 8,850,000.<sup>3/</sup> In 1933, 24.9 per cent of all America's workers were unemployed.<sup>4/</sup> Can there be any certainty that unemployment will not assume similar dimensions in the event of another economic crisis in the United States?

(b) The American workers lose a definite part of their annual income owing to strikes and layoffs. In the year ending February 28, 1956 (according to data at my disposal), a monthly average of 358,000 workers were involved in strikes in support of wage increases; an average of 2,550,000 man-days were lost monthly.<sup>5/</sup>

In the Soviet Union, where the means of production are socially-owned and where there are no capitalists to appropriate the greater part of the value created by the workers, there is no such thing as mass layoffs or strikes.

(c) In capitalist countries, according to the findings of bourgeois economists, rent absorbs from 15 to 25 per cent of the worker's income. In the Soviet Union, rent and public utility charges (heat, light, gas, etc.) are very low, amounting to approximately 5 per cent of income, and in most cases even less. This fact must also be taken into account in any honest scientific comparison of the real incomes of the American and Soviet workers.

The Voice of America claims that 60 per cent of all American families own their own homes. It omits to observe, however, that in reality the workers' "own" homes belong to various financial corporations. If, owing to unemployment or sickness, a worker is unable to make the current payment on the loan he received for the purchase of his "own" home, it passes into the possession of the creditor firm, and whatever he has paid hitherto is not refundable. According to official figures (Federal Reserve Bulletin, February 1956, p. 157), outstanding debt on "one- to four-family houses"

3/ Historical Statistics of the United States, p. 65.

4/ Statistical Yearbook of the United Nations, 1952, p. 51.

5/ Survey of Current Business, April 1956, p. S-13.

amounted at the end of 1955 to 88,700 million dollars. Interest, insurance and mortgage payments (usually over a period of 30 years) amount to almost as much as it would cost to rent the house. Such houses, moreover, are built by the creditors for speculative purposes, and by the end of the thirty years, when the worker has at last made the final payment on the mortgage, they are not worth very much.

(d) Higher education, and especially university education, in the United States is very expensive. In order to be able to pay the tuition fees many students work during their vacations as waiters or at other unskilled jobs. Not only are there no tuition or examination fees in the Soviet Union, but all students, if they meet the requirements of their college or university, receive monthly stipends from the state.

(e) In the United States, medical assistance, hospitalization, medicaments, and health resort and sanatorium treatment are very expensive and often beyond the means of the worker. There is no general sickness insurance scheme. In the Soviet Union, all citizens are entitled to free medical service, while places in sanatoriums or at health resorts are allocated by the trade unions, and a very wide range of workers receive them either free of charge or with a big rebate.

An honest scientific comparison of the incomes of the American and Soviet workers requires that all these factors should be taken into account. From the annual income of 4,000 dollars the American worker is alleged to be receiving must be deducted taxation, loss of income from unemployment, strikes or mass layoffs, as well as the difference in the cost of rent, education and medical treatment. Only then can the wages of the American worker be compared with those of the Soviet worker, and the comparison must be based on the prices of a very wide range of consumer goods, and not only on the prices of certain items of food and clothing.

Without such a scientific analysis -- which would obviously require the labour not of one but several persons -- it is impossible to estimate the average wage of the American worker in terms of rubles. But to claim that it is equivalent to 80,000 rubles a year is sheer demagogery. So is the assertion that the purchasing power of the dollar is equivalent to that of 20 rubles.

When trying to prove that "people's capitalism" exists in the United States, the Voice of America forgot to advance the demagogic statement that the military expenditure of the Soviet Union is much greater than that of the United States.

According to official figures, U.S. expenditure for military purposes ("national security") in the past few years was as follows: 1952, 42,900 million dollars; 1953, 50,300 million; 1954, 46,500 million; 1955, 41,200 million.<sup>6/</sup> If the dollar were really worth 20 rubles, this would mean that the United States annually spends 800-1000 billion rubles for military purposes! On the other hand, if 20 rubles are worth 1 dollar, the Soviet Union's military expenditure amounts in terms of dollars to only a small fraction of the American: 5,000 million dollars (102,500 million rubles) in 1956. This example alone shows how absurd the Voice of America's statistical manipulations are. Yet it is on these manipulations that nearly all the arguments it brings to prove the prosperity of the American workers are based.

I cannot here go into the nonsensical arguments the Voice of America advanced to back its assertion that the American workers are the real owners of the big factories, and that in the United States profit is distributed among the workers in the form of wages. I cited facts to disprove these contentions in my article in New Times. I showed there that a worker does not become a co-partner of a factory merely by owning a few of its shares, and that workers' "participation in profits" is a sheer fiction. I shall only discuss one other question.

The Voice of America claimed that "people's capitalism" in the United States was giving the workers what the Communists had been promising for more than thirty years and were far from providing to this day, namely, full satisfaction of their requirements in food, clothing, homes, etc.

There are two sides to this question which must be examined.

First, the statement that all workers in the United States are always in a position to satisfy their requirements in food, clothing and homes is a long way from the truth.

According to official data (Survey of Current Business, April 1956, p. S-14), the average weekly wage of a laundry worker in February this year was 41 dollars. From this sum, the worker has to pay at least 10 dollars a week for rent, heat and light. To this must be added the cost of travelling to and from work, taxes and other regular payments. If the worker has several children, he can barely keep them in food. And what is the condition of the unemployed worker when the 26 weeks in which he is entitled to the

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<sup>6/</sup> Federal Reserve Bulletin, April 1956, p. 371.

allowances expire" What about the millions of Negroes, illegal Mexican immigrants, and the migrant farm workers? What was the situation in the 1930's, when 25 per cent of the workers were totally unemployed, and of the rest, 25 per cent were employed only part time?

The other side of the question is this. Although there are workers in the Soviet Union whose living standard is higher than that of the American worker, I am not prepared to deny that large sections of the fully employed skilled workers in the United States are as yet better off than certain categories of the Soviet workers.

But why is this?

Because the Soviet Union, when it was founded towards the end of World War I, was economically prostrate; because for many years after, it was forced to fight armed intervention and counter-revolution; because World War II again brought devastation and retarded the Soviet Union's economic development; because it is compelled by the United States' constant threatening from "positions of strength" to divert no little part of its production to national defence; because the Soviet Union is developing its productive forces, building huge power stations, mills, factories, rail and water communications, and drainage and irrigation systems, with a view to ending the backwardness inherited from the days of tsarism and repairing the damage caused by the wars, so as to overtake and outstrip the United States in all spheres.

The decisive factor, however, is the general trend of development, which is determined by social relationships.

With the exception of the war years, the position of the workers in the Soviet Union has been improving steadily and systematically from year to year. The scale of progress is to be measured not only by statistical data. It is possibly still more striking when the descriptions of the life<sup>3</sup> of the workers and peasants one finds in the literary classics of tsarist times -- in the works of Tolstoy, Chekhov and Gorky, say -- are compared with the life of the Soviet people today.

Such constant and guaranteed progress is out of the question in the United States. For example, between 1944 and 1949 the total amount of wages paid by American industry declined 6 per cent, while prices of consumption items, according to the official index, rose 35 per cent. Hence, real wages dropped 30 per cent in this period.<sup>7/</sup>

In the seven years since, the real wages of the American industrial workers have risen, because the better business situation has enabled them to secure higher pay. But the position of the working class will undoubtedly deteriorate in the event of an economic crisis. As to the working farmers, their situation is steadily going from bad to worse.

I should like to say this in conclusion.

Some of the fully employed American workers are of course still better off materially than certain categories of Soviet workers. But "man does not live by bread alone." In all the non-material spheres of life the Soviet worker is on a much higher level than the American. There are nine millionaires in the U.S. government; the government of the Soviet Union consists almost exclusively of former working men. In the United States, factories are automatically managed by the capitalist directors, while the "worker shareholders" cannot express any opinion on the matter; in some cases they are not even allowed to attend the annual general meetings of shareholders. In the Soviet Union, factories managed by former workers are a common thing. The workers have a direct share in the running of their factories. In the United States, the public has no interest in what the workers do; they are just nameless "hands." In the Soviet Union, physical, as well as mental, labour is held in respect and honour, is considered a matter of valour. Distinguished workers are known to the whole country, their portraits are published in newspapers and magazines, their achievements are honoured and rewarded. All fields of government administration, science and art are open to every worker who has the necessary ability.

Under the "people's capitalism" of the United States, the worker remains what he was -- a slave of capitalism. The worker in the Soviet Union is a free individual.